

AMENDED IN SENATE APRIL 28, 2003

**SENATE BILL**

**No. 551**

**Introduced by Senator Speier**  
(Coauthor: Assembly Member Lieber)

February 20, 2003

An act to add Section 758.5 to the Insurance Code, relating to auto insurance.

LEGISLATIVE COUNSEL'S DIGEST

SB 551, as amended, Speier. Insurance: ~~auto body repair shops~~ *automotive repair dealers*.

Existing law generally regulates insurers by, among other things, defining certain unlawful practices.

This bill would prohibit an insurer from recommending that an automobile be repaired, or not be repaired, at a specific ~~auto body repair shop~~ *automotive repair dealer, as defined*, unless the claimant specifically requests a referral. It would allow ~~a claimant or an insured or other claimant, or a repair shop dealer~~, damaged by a violation of this provision to recover damages ~~and costs~~, as specified.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. This act shall be known as the "Auto ~~Body~~
- 2 Repair Consumer Choice Act of 2003."
- 3 SEC. 2. The Legislature finds and declares the following:
- 4 (a) Thousands of California consumers each year require repair
- 5 of their vehicles as a result of collision or other damage.

(b) As a result of automobile collisions and other damage, many consumers make insurance claims.

(c) California consumers are entitled to select an auto body repair shop of their choice to repair auto body damage.

(d) Insurers are steering consumers to auto body repair shops chosen by the insurer and not the consumer.

(e) Insurers are using unfair tactics to steer consumers, including suggesting or implying that the auto body repair shop selected by the consumer is inferior or inconvenient.

(f) Existing laws regulating the consumer's right to choose an auto body repair shop are weak.

(g) Accordingly, the Legislature has determined that it is necessary to strengthen the existing auto body repair consumer choice laws.

SEC. 3. Section 758.5 is added to the Insurance Code, to read:

758.5. (a) It is unlawful for an insurer, including an affiliate or subsidiary of an insurer *or a third party acting on the insurer's behalf*, in connection with a claim, to direct, suggest, or recommend that an automobile be repaired, or not be repaired, ~~at a specific auto body repair shop, unless the claimant repaired, at a specific automotive repair dealer, as defined in subdivision (a) of Section 9880.1 of the Business and Professions Code, unless the insured or other claimant specifically requests a referral from the insurer.~~

(b) An insurer that violates this section shall be liable for any ~~damages suffered by the claimant or auto body repair shop, damages suffered by the insured or other claimant, or by the automotive repair dealer~~, including compensatory, special, and exemplary damages. Any injured party may bring an action for damages. ~~The prevailing party in any action brought pursuant to this section shall be awarded reasonable attorney's fees and costs.~~